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SUBJECT: CROATIA INTRODUCES SURCHARGES ON RECORDABLE
MEDIA

¶1. Summary: Croatia has implemented a system of surcharges on recordable media (CDs, DVDs, burners, etc.) in an effort to offset the losses to the entertainment industry from digital piracy. The new system of surcharges went into effect on January 1, 2007 and is evaluated bi-monthly to assess its effect on the market. Representatives of the entertainment industry welcomed the move, which they say brings Croatia, which already has strong IPR protection, into line with European practices. End Summary.

Reaching agreement

¶2. On January 12, 2007, after years of negotiations between the Croatian Composers' Society (ZAMP) and the Croatian Chamber of Commerce (HGK), agreement was reached on a set of surcharges for recordable media. This agreement defines the amount of the surcharges and the manner in which the fees will be collected from importers and producers of affected media. The 2003 Law on Author's Rights serves as the legal basis for the surcharges.

The surcharges

¶3. Implementation of the surcharges began on January 1 of this year. The surcharge for CDs will start at 0.08 HRK (.014 USD) and will increase incrementally to .64 HRK (.11 USD) by the end of 2009. For DVDs, the fee will start at .12 HRK (.021 USD) and will rise to .96 HRK (.17 USD) by 2009. The surcharge for all memory cards (up to 5 GB) is 6 HRK (1.05 USD) this year and will increase to 32 HRK (5.62) by 2009. The CD burner surcharge will start at 4 HRK and will, by 2009, reach 25 HRK, while the DVD burner surcharge will start at 4 HRK and will reach 40 HRK by 2009.

Redistribution and monitoring

¶4. The surcharges will be collected by the ZAMP and will be distributed to associations that manage artists' work, who will then redistribute the earnings to the artists. Emboffs spoke with Ljordan Ljubenkov, ZAMP legal adviser, who was extremely pleased that this system is finally in place. Ljubenkov emphasized that this is another step in the direction of protecting author's rights as well as harmonizing with EU legislation, noting also that his organization felt that Croatia takes IPR protection seriously.

15. Ljubenkov explained that the system will be closely monitored for its effects on the market, part of the compromise reached with unhappy importers. A working group will meet every 60 days to assess the market and review sales, in addition to analyzing data and comparing with the EU markets. If the sale of certain items is affected negatively, then the fee will be reviewed and could be decreased or abolished.

Public reaction

16. Public reaction has been muted, though there are those who are not pleased with the new fees. One internet website has called upon citizens to protest by signing a petition calling for the fees to be abolished. The website has neatly outlined their reasons for protesting the fees. To date, some 8,224 people have signed the petition.

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